

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Competitive Product Prices
Priority Mail Contracts 74 (MC2014-15)
Negotiated Service Agreement

Docket No. CP2014-24

PUBLIC REPRESENTATIVE COMMENTS ON
POSTAL SERVICE NOTICE OF AMENDMENT TO
PRIORITY MAIL CONTRACT 74

(April 15, 2014)

I. INTRODUCTION

The Public Representative hereby provides comments pursuant to Order No. 2043¹. In that Order, the Commission reopens the above referenced docket to receive comments from interested persons, including the undersigned Public Representative, on a Postal Service Notice to amend Priority Mail Contract 74.²

II. BACKGROUND

The Commission approved the original Priority Mail Contract 74 in Order No. 1960, dated January 13, 2014.³ On February 25, 2014, the Postal Service filed notice that it has agreed to an amendment to the existing Priority Mail Contract 74 subject to the current docket (Amendment). As the Postal Service asserts, the prices under Priority Mail Contract 74 “have changed as contemplated by the contract’s terms”. Notice at 1. To support the Notice, the Postal Service files certified statement of compliance with 39 U.S.C. 3633(a) and a redacted copy of the amendment to the existing Priority Mail Contract 74. It also

¹ Notice and Order Concerning Amendment to Priority Mail Contract 74, April 8, 2014 (Order No.2043).

² Notice of United States Postal Service of Change in Prices Pursuant to Amendment to Priority Mail Contract 74, April 4, 2014 (Notice).

³ Order Adding Priority Mail Contract 74 to the Competitive Product List, January 13, 2014 (Order No. 1960).

files (under seal) the unredacted version of the amendment and the financial documentation.

The Amendment applies to Section I.B. and I.F. of the initial contract. If amended, the contract would apply to Customer's Priority Mail packages having weights and sizes different from those defined in the original contract. Consequently, the Amendment sets the prices that will apply to Priority Mail packages that are subject to the amended contract.⁴

III. COMMENTS

Requirements of 39 U.S.C. § 3633. Pursuant to section 3633(a), prices for competitive products must cover each product's attributable costs, not result in subsidization of competitive products by market dominant products, and ensure that all competitive products collectively contribute an appropriate share of the institutional costs of the Postal Service. The Public Representative has reviewed the documentation provided by the Postal Service in the initial docket and the financial workpapers and documentation filed with the Amendment.

Based upon that review, the Public Representative concludes that the amended contract should generate sufficient revenue to cover costs and satisfy the requirements of 39 U.S.C. § 3633(a) during its first year. The mechanism of annual adjustment of prices included in the original contract should help maintain the contract's ability to meet the requirements of 39 U.S.C. § 3633(a) in subsequent years.

The Public Representative is also mindful that the Postal Service will file cost, revenue and volume data associated with the amended contract in each year's Annual Compliance Report. This will aid the Commission in ensuring that Priority Mail Contract 74 complies with the requirements of 39 U.S.C. § 3633(a) over the life of the contract.

⁴ Notice, Attachment A at 1-2 (filed under seal) and Request, Attachment B at 1-2 (filed under seal).

The Public Representative respectfully submits the foregoing comments for the Commission's consideration.

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